GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:804
ANSWERED ON:21.11.2016
Subsidy to Petroleum Companies
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government plans to revisit the subsidy formula of petroleum products including crude oil for upstream/ downstream companies and petroleum products producing States in view of the recent fall in international crude oil prices and if so, the details thereof;
(b) the details of under-recoveries/ subsidy provided by the Government on petrol, diesel, LPG and kerosene to downstream companies and part of burden borne by upstream companies during the last three years and the current year along with the profit/loss incurred by various OMC in view of low crude oil prices/ subsidy given to them, OMC/product-wise;
(c) the State-wise basic price/refining cost of said petroleum products of various OMCs and price of petrol after levying different Central/State taxes on it;
(d) the details of increase/decrease in the prices of petrol, diesel, LPG, CNG, PNG, Kerosene including reasons for not reducing the oil prices in proportion to the reduction of price of crude oil in the international market during the said period; and
(e) whether the Government proposes to control the petroleum production/prices to keep a check on export-import of petroleum products and if so, the details thereof

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM AND NATURAL GAS
(SHRI DHARMENDRA PRADHAN)
(a): For the financial year 2016-17, it has been decided that entire burden on sale of PDS Kerosene and Subsidized Domestic LPG will be borne by the Government.
(b): The total subsidy/under recovery on petroleum products since 2013-14 is given below:
(Rs. crore)
Particulars
2013-14
2014-15
2015-16
H1 2016-17
Diesel
62837
10935
0
0
PDS Kerosene
31255
24804
11496
4123
Domestic LPG
52247
40569
16074
4557
Total
146339
76308
27570
8680
The burden sharing of the under-recoveries by the upstream companies since 2013-14 is given below:
(Rs.crore)
Particulars
2013-14
2014-15
2015-16
H1, 2016-17
Total Under-recoveries
139869
72314

11515
4123
Under-recoveries borne by Upstream Companies
67021
42822
1251
0
The details of Net Profit After Tax (PAT) reported by the PSU OMCs since 2013-14 are given below:
(Rs. crore)
Companies
2013-14
2014-15
2015-16
Q1, 16-17
IOC
7,019
5,273
10,399
8,269
HPC
1,734
2,733
3,863
2,098
BPC
4,061
5,085
7,432
2,621
(c): Refining of crude oil is a process industry, where crude oil constitutes around 90% of the total cost. Crude oil is processed through several processing units. Each of these units produces intermediate products streams, which require extensive reprocessing and blending. This results in difficulty in apportioning the total cost of individual refined products with reasonable accuracy. Therefore, individual product-wise costs are not identified separately. The State wise Retail Selling Price of petrol effective 16th November 2016, as per IOCL, is at Annexure-I.
(d) & (e): The details of revision in the Retail Selling Prices (RSP) of Petrol, Diesel, PDS Kerosene, Domestic LPG and CNG at Delhi since 1st April, 2013 are given in Annexure II.
The prices of Petrol and Diesel have been made market determined by the Government effective 26th June, 2010 and 19th October, 2014 respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of these products in line with their international prices and other market conditions. The Government continues to modulate the effective price to consumer for Subsidized Domestic LPG and Retail Selling Price (RSP) of PDS Kerosene. Further, price of CNG/PNG is fixed by the concerned City Gas Distribution (CGD) entities as per market dynamics.
x-x-x-x-x